

## **Good News, Bad News for Employees at Tax Time**

(Dec. 9, 2003) There's good news – and bad news – for MTA employees in this year's tax picture. First, the good news:

Employees who set aside income through the 401(k) Thrift Plan or the 457 Deferred Compensation Plan will be allowed to put more money into these plans in 2004. The cap of \$12,000 has been raised to \$13,000.

You may contribute to both the 401(k) Thrift Plan and the 457 Deferred Compensation Plan for a total deferral of \$26,000.

And, if you're a "baby boomer" and are over age 50 – or will be by December 31, 2004 – you may defer up to a total of \$32,000 in both plans.

There also are "catch-up" provisions in the law that allow additional dollars to be set aside. These can be explained to you by the Pension and Benefits Office at 922-7184.

## **Social Security and SDI taxes**

Now the bad news: The wage base for both Social Security and the State Disability Insurance (SDI) went up this year.

Some employees with salaries over \$87,000 will see a Social Security tax increase of as much as \$55.80 in the maximum amount withheld from each paycheck.

The wage base for SDI was increased from \$56,916 to \$68,829. That, combined with the new California Family Temporary Disability Insurance rate means an increase in state withholding for all employees of \$162.28.

## **Help is just a click away**

But, there's one more piece of good news for employees who use, or want to use, TurboTax 2003 to prepare their federal and state income tax returns. Again this year, employees can download W-2 information directly into TurboTax – a time saver at tax time.

The TurboTax web site information will be on the 2003 W-2 form, or you can look for it at [www.probusiness.com/turbotax](http://www.probusiness.com/turbotax).

For more information on all these changes, contact the Pension and Benefits Office at 922-7184. For information about the 401(k) or 457 Plan, contact Erick Spencer of ICMA at 866-339-8795 or Orlando Delgado of ICMA at 866-266-7312.

[Back to MTA Report](#)